



Use of PRGs in Electricity Procurement

**2008 Integrated Energy Policy Report
Workshop**

Sacramento, California

July 14th, 2008

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Outline

- Brief History of the Procurement Review Group
- SB 1488 and Confidentiality



AB 57 – Enrolled July 2002

“The [CPUC] shall adopt appropriate procedures to ensure the confidentiality of any market sensitive information submitted in an electrical corporation’s proposed procurement plan or resulting from or related to its approved procurement plan, including, but not limited to, proposed or executed power purchase agreements, data request responses, or consultant reports, or any combinations, provided that the Office of Ratepayer Advocates and other consumer groups that are nonmarket participants shall be provided access to this information under confidentiality procedures authorized by the commission.”

Section 454.5(g), Public Utilities Code



D.02-08-071 - August 2002

“In order to ensure that interim procurement contracts entered into by the utilities are subject to sufficient and expedited review and pre-approval, we will require each utility to establish a PUC-authorized ‘Procurement Review Group’ whose members, subject to an appropriate non-disclosure agreement, would have the right to consult with and review the details of

- ✓ each utility’s overall interim procurement strategy;
- ✓ proposed procurement contracts with the utilities before any of the contracts are submitted to the PUC for expedited review, and
- ✓ proposed procurement processes including but not limited to ‘Requests For Offers’ (‘RFOs’)



D.02-08-071 - August 2002

“Each ‘Procurement Review Group’ would assess the procurement contracts and reasonableness criteria with each utility and offer assessments and recommendations to each utility and then to the PUC when the contracts and/or reasonableness criteria are submitted for expedited PUC review (p. 24).”



D.02-10-062 - October 2002

“The PRG process is an interim one-year measure while the Commission augments its staff and hires an independent consultant or advisory service, pursuant to the contracting authority and \$600,000 appropriated to the Commission for the purposes of implementing AB 57 (p. 76).”



D.03-06-071 – June 2003

“Winning bids and all supporting analysis are then submitted to the utility’s Procurement Review Group. Following PRG analysis and discussion, the utility will file an Advice Letter for approval of the proposed contracts. The PRG members will have an opportunity to make recommendations on the Advice Letter for Commission consideration. (p. 38)”



D.03-08-066 – August 2003

“ORA’s request that the Commission adopt conditions that specify that PG&E’s procurement review group will be involved both before and after the issuance of a Request for Offers improves the review process first adopted in D.02-08-071. (p.7) “

“After receiving bids from its RFO, PG&E should provide the Procurement Review Group a bid summary and analysis, as well as its selection process, with a two-week window for Procurement Review Group members to then conduct their own independent analysis and provide written comments to PG&E prior to submission of an Advice Letter (p.8).”



D.03-12-062 – December 2003

“It is beneficial to continue the PRG process through the end of 2004. (p. 81)”

“Each utility should meet and confer with its PRG on a quarterly basis. (p. 84)”



D.07-12-052 – December 2007

“PRG recommendations are advisory and non-binding, and no participants in the PRG process give up any rights associated with future litigation of issues addressed in PRG meetings. The Commission has consistently acknowledged the value of PRGs by ordering their continued use, so they continue to advise IOUs on their procurement activities (pp. 119 – 120).”



D.07-12-052 - December 2007

Current Commission orders require IOUs meet with the PRG:
1. quarterly to review their portfolio position/transactions, and
2. as needed to review all transactions with terms greater than three months.

PRGs review procurement activities including but not limited to:

- RFO development
- Bid evaluation and ranking
- Gas supply plans
- Hedging strategies
- Consumer Risk Tolerance (CRT) triggers
- Nuclear fuel plans
- Congestion Revenue Rights
- New technologies
- Procurement portfolio position and transactions (quarterly basis, as noted)



Confidentiality



SB 1488 - September 2004

“The Public Utilities Commission shall initiate a proceeding to examine its practices under Sections 454.5 and 583 of the Public Utilities Code and the California Public Records Act . . . to ensure that the commission’s practices under these laws provide for meaningful public participation and open decision making.”



D.06-06-066 – June 2006

- Asserts that “[c]onfidentiality protections are essential to avoid a repetition of electricity market manipulation.”
- Defines “market sensitive information” as “that which would have a material impact on a procuring party’s market price for electricity.”
- Places the burden of proof on the party producing the data.
- Establishes a window of confidentiality of one year backward and three years forward for confidential procurement and related data.



Competitive Solicitations

- Bid Information
 - ✓ Counterparty names, prices and quantities offered are confidential
 - ✓ Total number of projects and megawatts bid by resource type (e.g. fossil, wind, solar, hydro-electric, etc.) – public after final contracts submitted to CPUC for approval



Competitive Solicitations

- Specific quantitative analysis involved in scoring and evaluation of participating bids
 - ✓ Levelized and/or escalated bid prices, transmission upgrade cost adders, wheeling charges, congestion costs, delivery characteristics, portfolio fit, "dump energy" quantities and costs, SEP calculations confidential for three years after winning bids are accepted.
 - ✓ Evaluation guidelines should be public.



Bilateral Contract Terms and Conditions

- Existing and new contracts and PPAs between utilities and non-affiliated third parties
 - ✓ Contract summaries public, including counterparty, resource type, location, capacity, expected deliveries, delivery point, length of contract and online date.
 - ✓ Other terms confidential for three years from date contract states deliveries to begin; or until one year following expiration, whichever comes first.
- Score sheets, analyses, evaluations of proposed RPS projects confidential for three years



Load Forecasts

- Demand forecasting methodology is public.
- First 3 years of peak and energy forecasts for bundled customers, service area are confidential.
- First 3 years of monthly and daily data related to planning area forecasts are confidential; annual and quarterly data are public.
- Forecasted impacts of DG, DSM, DR, and EE are public.



Resource Planning Information

- First 3 years of forecasted output from utility-owned generation, QFs, are confidential for three years, public by resource category (fossil, hydro, etc.) after 3 years.
- Forecasts of output from renewable resources, savings from EE, DR, DSM public
- DWR, non-QF bilateral data public in aggregate; individual contract data confidential for 3 years
- Forecasted sales and purchases confidential for 3 years



Forecasted Costs

- First 3 years of forecasted output from UOG, QFs, non-QF bilateral contracts (other than DWR) are confidential for three years, public by resource category (fossil, hydro, etc.) after 3 years.
- Forecasts of costs of renewable resources, savings from EE, DR, DSM public
- Market price forecasts confidential for 3 years, unless from vendor
- Aggregate costs of and revenues from forecasted market sales and purchases public



Net Open Position

- Utility bundled customer net open positions (capacity and energy) confidential for the first 3 years